PRACTICE MANAGEMENT

Think "Inclusion" to Build Teamwork

by David F. Smith, Ph.D., CFP®

Getting the right work done the right way is crucial to every financial planning practice—and it requires teamwork. A practice leader, office manager, or lead planner who builds a high-quality social exchange relationship with each team member individually will benefit from having high-performing individuals and a high-performing team.

Leadership studies show that teamwork relies on the one-on-one relationship between the team leader and each team member individually.[1] The social exchange relationship between a leader and an individual member is foundational to building the trust, communication, and rapport for effective teamwork. Effective teamwork results in team members accomplishing the tasks agreed on with their leader. These tasks might include getting financial plans done on time, ordering supplies as needed, and scheduling client meetings.

This article focuses on inclusion, a specific leader behavior that Five Star Leadership®[2] finds positively associated with high-quality social exchange relationships with individual team members.

A leader has a choice on how they work with team members. When a leader needs a complex task completed, he or she could tell a team member what to do, how to do it, when to do it, and how high to jump. Alternatively, the leader could exhibit *inclusion* by simply including the team member in the planning. This inclusion need not be an in-depth discussion, although it can be if appropriate. Here's an example using a fictional leader and team member to help clarify what inclusion looks like:

Cassidy Markowitz, CFP®, (not a real person) is the lead planner and the managing partner of a five-planner firm. The firm includes the normal retinue of employees, including junior planner Terry Jamison, MBA (also fictional). Terry needs no instruction on planning duties having been in the firm learning the ropes for five years. Cassidy, however, needs something new completed—a review of new planning software made available by a change in their RIA compliance rules.

Cassidy doesn't have time to review the three new offerings, and a decision for the firm to stay with what they are using or make a change is important. Cassidy needs data to inform the discussion with the other partners, and decides that Terry has the skill set to review the three software packages and prepare a report.

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Cassidy has a choice: assign this to Terry with a detailed "what and how to do" memo, or a broad "this is what we need, please have it on my desk by the end of the month" email. Although potentially effective, neither of these methods use inclusion—they do nothing to build a high-quality relationship.

To use the inclusion behavior, Cassidy should behave inclusively in these three areas: (1) defining the task; (2)

ensuring resources; and (3) delegation of responsibility and authority.

Defining the Task

Defining the task, including what is needed and why, would have Cassidy dropping by Terry's office to discuss the main goal: deciding on what software to use going forward. Cassidy would ensure that through this discussion Terry understands what the result would be and the importance, thus getting "buy-in" from Terry. Cassidy would consciously keep the discussion open and productive by asking for authentically desired input on what Terry could do to help achieve this goal.

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This inclusive discussion ensures Cassidy is made aware of potential challenges to getting the job done. As a matter of fact, in this case, Terry reminded Cassidy of an upcoming vacation that could affect the timing of the report. Inclusive discussion defining the task builds a common understanding of the scope and importance of the task the leader needs completing. This is an essential part of the trust relationship—participating in decisions that affect the team member.

Ensuring Resources

Ensuring resources so the team member is confident of success includes ensuring time to get the task completed before the upcoming vacation. Cassidy continues including Terry in the decision-making by asking Terry how long it might take to complete the work; Cassidy listens, responds, and discusses options and ideas. They agree that it could be done before the vacation provided Terry could get some time carved out during the next two weeks. Terry wondered whether comp time would be allowed if weekend work was needed. In this example, time is the main resource to be planned for, but all resources should be discussed in an inclusive manner.

The inclusive discussion about resources continues to build the trust that the work can and will be done, and the confidence that comes from helping a team member feel important to the goal. Note that Terry implemented a member behavior by asking for something important (comp time) that the leader could provide; teamwork is not just a one-sided affair.

Delegation of Responsibility and Authority

Delegation may be one of the most misunderstood topics in leadership. One reaction of leaders when asked about delegation is along the lines of, "That's letting the inmates run the prison." Another common reaction is, "How can I trust the work to get done?" These statements are evidence of dysfunctional teamwork. Functional teamwork would never equate team members with inmates, and functional leaders understand there is a broad range of delegation to manage and that is their responsibility.

Cassidy and Terry have agreed on the goal and resources to get a great review done in time for the next partnership meeting. Cassidy inclusively discusses with Terry what authority is needed for Terry to complete the report. Terry responds, "I need to be able to get help running the same plan on three platforms if I need it." Cassidy assures Terry that at the next day's staff meeting there will be a discussion of the goal, the importance of that goal, and that Terry is in charge and may need to call on others for help. Cassidy will ensure that this is understood and check with the rest of the team to see if all is fine. Cassidy's assurance and follow-through on this lets Terry know that delegation of responsibility and authority will be communicated and be understood by those who might have to help. People generally enjoy the empowerment that delegation provides. This inclusive method of communicating builds the trust relationship between leader and member.

Conclusion

Inclusion, if consciously and authentically implemented, is associated with effective teamwork. Practice leaders, office managers, and other team leaders have work that they need to get done; they rely on others to help accomplish those tasks to meet goals. Through inclusive behavior, the goals get better definition, resources are used correctly, leaders gain valuable time for themselves as they are relieved of some duties through delegation, and the work gets done as desired.

This inclusive behavior is just one of several behaviors leaders and members can consciously implement to build the one-on-one team relationship between the leader and team member that creates the high-quality trust and confidence that is carried over to all the tasks that need to get done together. ■

Endnotes

1. For a good understanding of leadership research, see *Leadership in Organizations*, eighth edition, by Gary Yukl (2012, Pearson)
2. Five Star Leadership is run by the Oahu Adventures Foundation Inc. (oafound.org), a non-profit that supports activities that promote leadership training for several audiences.

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Use These Behavioral Tips to "Science" Your Clients on Saving

by Dan Martin

According to a 2017 study from the Employee Benefit Research Institute, only 61 percent of responding American workers reported having saved money for retirement, with 56 percent of respondents reporting they are currently saving (at the time of the survey) for their golden years. Only 18 percent of respondents felt very confident that were doing a good job preparing for retirement, and another 38 percent felt somewhat confident.

As a financial planner, this isn't news to you, though it may be more disappointing for you than most given your line of work. As someone on the frontlines of trying to help people understand the value of saving for anything later in life, you know it can be an uphill battle.

Presented here are a few tools to help your clients get past some of the standard pitfalls around saving, using the very science that generates the issues as your weapon. Helping clients understand the reasons behind why we make excuses to avoid saving may be just what they need to overcome these challenges.

Excuse No. 1: I Don't Have Enough Money to Save

For some people, this is a valid excuse. If the money's not there, it's not there. For others, however, it may be the type of Catch-22 situation that you can help attempt to reverse simply by understanding behavioral tendencies. The old adage telling us that "the more we make, the more we spend," is actually deeply rooted in behavioral science.

One of the more useful qualities we have as human beings is our ability to quickly adapt to changing circumstances. But some experts like James Roberts, professor of marketing at Baylor University, believe that our adaptability may hinder us in terms of saving and spending. He uses the example of a college student who wants to get out of his or her dorm, then moves into a rental house but gets tired of having roommates, then dreams of a small house, then a bigger house (and on and on from there) to show that our minds very quickly move on to the next step when we attain a goal or desire.

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Another reason behind our penchant to overspend and under-save is simply that we may have seen it from our parents and then modeled the behavior. Over time, we foster and intensify these bad habits which, as we all know, can be extremely difficult to break. However, some researchers believe that we have the ability to change almost any habit through repetition via a series of mental processes.

While you (and by extension, your clients) can be the judge of whether this might work for you, I would recommend picking up the book *The Power of Habit* by Charles Duhigg, which takes a serious look at habit formation and the science behind why we do what we do. Besides the interesting case studies and frameworks, the heart of Duhigg's theory centers on the importance of simply understanding that habits can be broken:

"Once you understand that habits can change, you have the freedom—and the responsibility—to remake them. Once you understand that habits can be rebuilt, the power becomes easier to grasp, and the only option left is to get to work."

The point? Clients may be, in some ways, relieved to hear that the negative behaviors that keep them from saving money are not totally their fault (thanks a lot, science), but an equally important part of the message is that there are ways to fight to overcome these ingrained habits.

Excuse No. 2: Retirement Is Too Far in the Future to Focus on Today

I was meeting friends at the National Western Stock Show in Denver a few years ago, and when I arrived, I realized that I hadn't purchased tickets (and as a result, probably could have reached up and touched the roof from the nose-bleed seats I had to grab on-site). My immediate thought was, "How did you not think to do the one thing you needed to do prior to attending that event?"

According to a recent study, part of the answer (beyond my own struggles in staying organized) may be that I made the plans too far in advance for my brain to plan for that contingency.

This story dovetails well with one of the most common excuses for failing to save for retirement (or other goals)—people just don't have the wherewithal to plan that far ahead. If it's difficult for us to plan for an event a few months down the road, remember that your clients are looking at planning 30 or 40 years into the future.

According to Dale Griffin, associate dean and professor of marketing at the Sauder School of Business at the University of British Columbia, we can look at "temporal construal" and "loss aversion" as potential behavioral biases that make it difficult to make good decisions about our future. Griffin explains "temporal construal" as the tendency for far-off events to be mentally experienced differently than closer events.

"Events or ideas far off in time are thought of in abstract and general terms, with an unavoidable overlay of optimism; so thinking about yourself (or your children) in 40 or 50 years creates a mental image that is akin to pondering a vague, general, overly rosy idea rather than a detailed individual with real problems," Griffin wrote in a *Slate* article titled "Planning for the Future: On the Behavioral Economics of Living Longer."

"Loss aversion," according to Griffin, is essentially the idea that humans are more likely to think about potential "losses" than potential "gains" in the long term. We are programmed to be more worried about future debt than what we might "gain" by saving for retirement, which may result in attempting to pay off our mortgages or student loans more quickly, at the expense of building a retirement account.

However, the idea that repetitious activities in the present, such as monthly mortgage or student loan payments, can help our minds focus on making decisions to solve long-term challenges in the present, can offer a glimmer of hope from a savings perspective. Specifically, the idea that providing ourselves with short-term rewards or benchmarks (instead of trying to visualize a single "number" or long-term goal), may be helpful in building a saving habit for the long term, and can at least provide a place to start.

In addition, these findings may help you help your clients look at the tendency to not save enough with a fresh perspective, and to consider fresh solutions. Instead of beating themselves up because they failed to meet their savings goal for the third straight month, they could try something more constructive and potentially even fun.

For example, you may recommend that they download one of the many free face-aging apps available for iPhone or Android. AgingBooth and FaceApp are two of the more popular applications that use alogrithms and neural-network technologies to show us what we might look like when we're much older. Although the accuracy of the imagery is certainly up for debate, I can attest that seeing my face aged years into the future was a disconcerting experience and provided a surprising dose of perspective.

Perhaps these applications give you a unique opportunity to break through the "temporal discounting" barrier and make the idea of aging more real for your clients. MerillEdge, in partnership with Bank of America, was one of the first to launch this type of application in 2014 (called FaceRetirement), and according to Bank of America, 60 percent of the nearly 1 million people who used the app chose to learn more about retirement and beginning to plan for the future.

Excuse No. 3: I Can't Save Because I Lost Too Much in the Last Crisis

There are certainly situations where this might be true, and if that's the case, your client is in good hands working with a planner like you. For many others, and especially individuals in younger generations, this "excuse" is a prime example of the "sunk cost fallacy," the very same behavior that kept me sitting in the theater during the fourth installment in the *Transformers* franchise instead of walking out after the first 20 minutes.

A "sunk cost" can be defined as any cost (not just monetary, but also time and effort) that has been paid already and cannot be recovered. It's an extension of loss aversion in that we are programmed to focus more on the costs we have already accrued and can never get back than the future experience we are putting our time, money, or effort toward.

Therefore, the more we invest in something, the harder it may be to let it go (even if it turns out to be a terrible investment). I'm sure that every one of your clients can think of a time where they continued to stick with something for the sole reason that they had already put a lot of money or effort toward its completion—we all have. And to be clear, sometimes that can be a good thing (finishing a degree, completing a rigorous fitness program, climbing a difficult peak, etc.).

Conclusion

The human brain is a powerful tool, and as such, each of the behaviors mentioned here will not be easy to counteract. But because these behaviors are propagated by the mind, understanding the "why" behind our struggles to focus on the future is an important place to start. Learning how these behaviors may affect them in a saving capacity is only the first step for your clients—the next will be helping encourage them to put in the effort on a daily basis to overcome these obstacles.

Your clients are facing an uphill battle, but there's nobody better than you to help guide them. ■

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